PERFORMANCE AUDIT
OF THE

HUMAN RESOURCES MANAGEMENT NETWORK (HRMN)

DEPARTMENT OF CIVIL SERVICE

August 2004

19-595-02

"...The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof."

– Article IV, Section 53 of the Michigan Constitution

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REPORT SUMMARY

Performance Audit
Human Resources Management Network (HRMN)
Department of Civil Service (DCS)

Report Number:
19-595-02

Released:
August 2004

HRMN is the State's automated human resource, benefit, and payroll system. HRMN consolidated and replaced the State's primary personnel and payroll systems. HRMN provides for all human resource processes from recruitment to the termination of employees. In addition, HRMN calculates and processes the State's payroll.

Audit Objective:

To assess the effectiveness of general controls over management, development, and program changes.

Audit Conclusion:

DCS's general controls over management, development, and program changes were reasonably effective.

Noteworthy Accomplishments:

The implementation of HRMN resulted in the consolidation of the State's major personnel and payroll systems into an integrated information system. This provided State agencies with a single system for managing employee personnel transactions. HRMN eliminated the need to maintain redundant data in multiple systems and automated many manual functions. Since the implementation of HRMN on March 28, 2001, all of the State employee payrolls and payments to third-party vendors and clients have been processed on time.

Reportable Conditions:

DCS had not established a comprehensive information systems security program (Finding 1).

DCS and the Department of Information Technology (DIT) need to improve controls over program changes (Finding 2).

DCS, the Office of Financial Management (OFM), and DIT had not established controls to ensure efficient batch processing (Finding 3).

DCS had not identified incompatible user roles within HRMN and had not worked with OFM to identify incompatible user roles between HRMN and other Statewide financial systems. In addition, DCS had not provided State agencies with reports to easily identify and monitor users with incompatible user roles. (Finding 4)

DCS should improve end-user documentation and training (Finding 5).

DCS's system development methodology did not ensure that information security and control requirements were sufficiently considered during the HRMN software evaluation and selection process (Finding 6).

DCS and DIT had not established an information technology (IT) strategic plan that included HRMN's IT requirements (Finding 7).

DCS had not completed a formal postimplementation review of HRMN (Finding 8).

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Audit Objective:
To assess the effectiveness of project management controls over HRMN.

Audit Conclusion:
DCS's project management controls over HRMN were generally effective.

Reportable Conditions:
DCS did not include the salaries and wages of State employees assigned to the HRMN project in the cost to develop HRMN (Finding 9).

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Audit Objective:
To assess the effectiveness of HRMN's controls regarding the accuracy, completeness, and timeliness of payroll processing and the balancing and reconciliation of payroll transactions.

Audit Conclusion:
HRMN's controls regarding the accuracy, completeness, and timeliness of payroll processing and the balancing and reconciliation of payroll transactions were reasonably effective.

Reportable Conditions:
DCS had not established sufficient controls over the granting and monitoring of HRMN user access and system privileges (Finding 10).

The OFM Payroll and Tax Reporting Division did not document formal procedures for all State payroll functions (Finding 11).

DCS and OFM should improve controls to ensure the accuracy and completeness of all data interfaced to and from HRMN (Finding 12).

DCS and OFM had not documented procedures governing transactions processed by the HRMN service centers on behalf of State agencies (Finding 13).

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Agency Response:
Our audit report contains 13 findings and 14 corresponding recommendations. The agencies' preliminary responses indicated that DCS, DIT, and OFM agreed and have partially complied or will comply with all of the recommendations.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: http://audgen.michigan.gov

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AUDITOR GENERAL

August 25, 2004

Ms. Susan Grimes Munsell, Chairperson
Civil Service Commission
and
Ms. Janet M. McClelland, Acting State Personnel Director
Department of Civil Service
Capitol Commons Center
Lansing, Michigan
and
Ms. Mary A. Lannoye, State Budget Director
Office of the State Budget
Department of Management and Budget
George W. Romney Building
Lansing, Michigan
and
Ms. Teresa M. Takai, Director
Department of Information Technology
Lewis Cass Building
Lansing, Michigan

Dear Ms. Munsell, Ms. McClelland, Ms. Lannoye, and Ms. Takai:

This is our report on the performance audit of the Human Resources Management Network (HRMN), Department of Civil Service.

This report contains our report summary; description of system; audit objectives, scope, and methodology and agency responses; comments, findings, recommendations, and agency preliminary responses; and a glossary of acronyms and terms.

Our comments, findings, and recommendations are organized by audit objective. The agency preliminary responses were taken from the agencies' responses subsequent to our audit fieldwork. The *Michigan Compiled Laws* and administrative procedures require that the audited agency develop a formal response within 60 days after release of the audit report.

We appreciate the courtesy and cooperation extended to us during this audit.

Sincerely,

Thomas H. McTavish, C.P.A.
Auditor General

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TABLE OF CONTENTS

HUMAN RESOURCES MANAGEMENT NETWORK (HRMN)
DEPARTMENT OF CIVIL SERVICE

Page

INTRODUCTION

Report Summary 1
Report Letter 3
Description of System 7
Audit Objectives, Scope, and Methodology and Agency Responses 10

COMMENTS, FINDINGS, RECOMMENDATIONS,
AND AGENCY PRELIMINARY RESPONSES

Effectiveness of General Controls 15
1. Information Systems Security Program 16
2. Program Change Controls 18
3. HRMN Batch Processing 21
4. Incompatible User Roles 24
5. End-User Documentation and Training 25
6. System Development Methodology 27
7. IT Strategic Plan 29
8. Postimplementation Review 30

Effectiveness of Project Management Controls 32
9. Project Cost Reporting 32

Effectiveness of Application Controls 33
10. User Access Controls 33
11. Payroll Procedures 35

12. Interface Reconciliations 37
13. Service Center Transactions 38

GLOSSARY

Glossary of Acronyms and Terms 41

Description of System

The Human Resources Management Network* (HRMN) is the State's automated human resource, benefit, and payroll system. HRMN consolidated and replaced the State's primary personnel and payroll systems. HRMN provides for all human resource processes from recruitment to the termination of employees. In addition, HRMN calculates and processes the State's payroll.

HRMN was developed under the joint direction of the directors of the Department of Civil Service (DCS), the Office of the State Employer, the Office of the State Budget, and the Department of Management and Budget (DMB). HRMN was implemented Statewide on March 28, 2001. Subsequently, HRMN staff have performed system and software upgrades as well as implemented enhancements and improvements to system functionality. As of fiscal year 2001-02, DCS reported that the total costs to develop and operate HRMN were approximately $49.6 million.

The vision of HRMN is to provide an integrated human resources management network delivering payroll, personnel, and employee benefits functionality and data exchange among agencies and third parties resulting in streamlined business processes, better information for customers, reduced costs, improved service, and flexibility to manage the State workforce of the future.

Some of the expected benefits of HRMN include:

a. Enabling State human resource agencies to change organizationally from traditional paper processing functions to those that will enhance capabilities to serve customers and concentrate on value-added strategic functions.

b. Providing managers with better information, delivered via the HRMN Web site, that they can use to make decisions concerning human resources.

c. Providing more flexibility and efficiency* in implementing future changes to human resource processes as well as system updates and changes.

** See glossary at end of report for definition.*

d. Enabling employees to maintain certain aspects of their own employee benefit and personnel information through self-service applications either from their offices or using a Web browser anywhere they can gain access to the Internet.

e. Reducing paperwork by utilizing electronic routing and approvals through workflow technology.

f. Positioning the State to accommodate changes and enhancements in the human resource environment in the future and utilize new technologies.

In fiscal year 2002-03, HRMN processed approximately $4 billion in payroll-related expenditures for approximately 61,000 State employees.

During our audit period, Executive Order No. 2002-13 transferred the administration of State employee benefit programs to DCS. Pursuant to the Executive Order, Office of the State Employer staff who performed benefit functions for HRMN were transferred to DCS.

In addition, Executive Order No. 2002-19 established the executive direction and management of HRMN in DCS. The Executive Order granted DCS the authority and responsibility for all of the following:

(a) To establish, implement, and enforce policy standards, guidelines, processes, procedures, practices, rules, and regulations for the operation of HRMN, consistent with applicable law.

(b) To manage HRMN in order to achieve the business needs for payroll, personnel and employee benefits, and other human resource functions for the State of Michigan.

(c) To direct and manage the program development and implementation of changes in HRMN.

(d) To acquire technology, development services, and software for HRMN through agency operating agreements between DCS and the Department of Information Technology (DIT).

(e) To acquire and manage contracts for HRMN.

(f) To standardize or centralize agency personnel transactions in HRMN.

Department of Civil Service (DCS)

The mission* of DCS is to provide human resource management services to attract and retain an effective State workforce. DCS provides a full range of human resource services for all State agencies. These services include personnel management, labor relations, and employee development.

Payroll and Tax Reporting Division, Office of Financial Management, Department of Management and Budget (DMB)

The Payroll and Tax Reporting Division has two primary responsibilities: (1) operation of the Statewide payroll system, including payroll tax and W-2 reporting, and (2) operation of the Statewide vendor/payee file, including backup withholding and 1099 reporting. In addition, the Payroll and Tax Reporting Division manages HRMN's Payroll Service Center, which provides support to all State agencies and employees on administration of the State of Michigan payroll.

Department of Information Technology (DIT)

DIT is responsible for maintaining and supporting the information technology infrastructure for HRMN. In addition, DIT provides technical support for HRMN application development and maintenance, database management, and help desk services.

** See glossary at end of report for definition.*

Audit Objectives, Scope, and Methodology and Agency Responses

Audit Objectives

Our performance audit* of the Human Resources Management Network (HRMN), Department of Civil Service (DCS), had the following objectives:

1. To assess the effectiveness* of general controls over management, development, and program changes.

2. To assess the effectiveness of project management controls over HRMN.

3. To assess the effectiveness of HRMN's controls regarding the accuracy, completeness, and timeliness of payroll processing and the balancing and reconciliation of payroll transactions.

Audit Scope

Our audit scope was to examine the information processing and other records of the Human Resources Management Network. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Audit Methodology

Our methodology included examination of HRMN information technology and other records primarily for the period February 1997 through June 2003. Our audit fieldwork was performed between March 2002 and June 2003. To accomplish our audit objectives, our audit methodology included the following phases:

1. Preliminary Review and Analysis Phase

   We conducted a preliminary review of the information processing and business functions that support HRMN. We identified the human resources, benefits, and payroll activities processed on HRMN. We used the results of our review to determine the extent of our detailed analysis and testing.

** See glossary at end of report for definition.*

2. Detailed Analysis and Testing Phase

We performed an assessment of internal control* over HRMN pertaining to: (a) general controls over management, development, and program changes, (b) project management controls, and (c) application controls, which included controls over the accuracy, completeness, and timeliness of payroll processing and the balancing and reconciliation of payroll transactions. Specifically, we assessed:

a. Effectiveness of HRMN General Controls:

(1) We identified and analyzed controls over the management and organization of HRMN. We obtained an understanding of how the various roles and responsibilities for the management of HRMN have been assigned. We assessed the segregation of responsibilities between HRMN users and the information technology function.

(2) We interviewed the HRMN Central Security officer and reviewed security policies and procedures to obtain an understanding of DCS's security program.

(3) We reviewed Human Resource Coordination Committee minutes and other documentation to obtain an understanding of DCS's information technology strategic planning process.

(4) We examined and tested controls over program changes, including documentation and the approval process. We did not review file permissions on source and object code in the development and production environment.

(5) We reviewed system development and documentation controls, including the use of a system development methodology, completeness of system documentation, and existence of system development standards.

b. Effectiveness of HRMN Project Management Controls:

(1) We interviewed HRMN project managers to obtain an understanding of HRMN project management practices.

** See glossary at end of report for definition.*

(2) We reviewed and assessed DCS's project management standards.

(3) We assessed project management's procedures for monitoring system development progress, costs, and deliverables.

(4) We evaluated DCS procedures for awarding information system contracts and for ensuring that all payments were made in accordance with State of Michigan policies and procedures.

c. Effectiveness of HRMN Application Controls Over Payroll:

(1) We documented and evaluated controls over data capture and entry of payroll transactions. We assessed whether the controls were effective in ensuring that data was entered accurately and completely.

(2) We reviewed the process for granting and monitoring HRMN access. However, we did not perform tests of controls to verify the appropriateness of access rights granted to users.

(3) We documented and assessed controls over the accuracy, completeness, and timeliness of payroll processing. In addition, we verified the accuracy of data tables used in the computation of selected payroll transactions. We recomputed significant payroll calculations.

(4) We documented and evaluated controls over the accuracy, completeness, and timeliness of data output. We interviewed Office of Financial Management Payroll and Tax Reporting Division (OFM - Central Payroll) staff to obtain an understanding of key payroll reconciliations and system-generated output. In addition, we replicated selected payroll reconciliations.

(5) We conducted a user satisfaction survey of all State departments to obtain information about the effectiveness of development controls and the overall effectiveness and efficiency of HRMN. We used the information collected to assist us in evaluating the effectiveness of application controls.

3. Evaluation and Reporting Phase

   We evaluated and reported on the results of the detailed analysis and testing phase.

Agency Responses

Our audit report contains 13 findings and 14 corresponding recommendations. The agencies' preliminary responses indicated that DCS, DIT, and OFM agreed and have partially complied or will comply with all of the recommendations.

The agency preliminary response that follows each recommendation in our report was taken from the agencies' written comments and oral discussion subsequent to our audit fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and Department of Management and Budget Administrative Guide procedure 1280.02 require DCS to develop a formal response to our audit findings and recommendations within 60 days after release of the audit report.

COMMENTS, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

EFFECTIVENESS OF GENERAL CONTROLS

COMMENT

Background: General controls are the policies and procedures that apply to all information systems to help ensure their proper operation. The purpose of establishing general controls is to safeguard data, protect computer application programs, prevent unauthorized access to system software, and ensure continued computer operations in case of unexpected interruptions. The effectiveness of general controls is a significant factor in determining the effectiveness of application controls. Without effective general controls, existing application controls may be rendered ineffective by circumvention or modification.

Subsequent to the development of the Human Resources Management Network (HRMN), Executive Order No. 2001-3 transferred the responsibility for all information technology (IT) services, including application development and IT planning, to the Department of Information Technology (DIT).

Audit Objective: To assess the effectiveness of general controls over management, development, and program changes.

Conclusion: The Department of Civil Service's (DCS's) general controls over management, development, and program changes were reasonably effective. However, we noted reportable conditions* related to an information systems security program, program change controls, HRMN batch processing, incompatible user roles, end-user* documentation and training, system development methodology, IT strategic plan, and postimplementation review (Findings 1 through 8).

Noteworthy Accomplishments: The implementation of HRMN resulted in the consolidation of the State's major personnel and payroll systems into an integrated information system. This provided State agencies with a single system for managing employee personnel transactions. HRMN eliminated the need to maintain redundant data in multiple systems and automated many manual functions. Since the implementation of HRMN on March 28, 2001, all of the State employee payrolls and payments to third-party vendors and clients have been processed on time.

** See glossary at end of report for definition.*

In addition, DCS successfully used streaming video technology to broadcast Human Resources Communication Network meetings. The meetings are broadcast in real time and then archived on the HRMN Web site. The use of streaming video technology has enabled DCS to effectively communicate information about HRMN to a larger group of users.

FINDING

1. Information Systems Security Program

DCS had not established a comprehensive information systems security program. Without a well-designed information systems security program, responsibilities for security may be unclear and controls may be inadequate, improperly implemented, or inconsistently applied.

A comprehensive security program should include detailed policies and procedures for safeguarding agency information systems resources, comprehensive risk assessments, and resources for monitoring information systems activity. Although the focus of our audit was HRMN, DCS's information security program should include all of its information systems.

Our review of DCS's security administration disclosed the following weaknesses:

a. DCS had not established a security function that completely managed all aspects of HRMN security. DCS had appointed a HRMN Central Security officer. However, the HRMN Central Security officer's responsibilities were limited to granting and monitoring users' access within the application. Other responsibilities, such as the monitoring of privileged users, were delegated to managers over the network, database, and technical support staff. Although the managers have a role to play in maintaining the security of the system, the overall security function should be independent.

   Because the effectiveness of a security program is directly influenced by the way the responsibility for security is assigned, DCS should establish a security function that includes other HRMN security responsibilities, such as:

   - Facilitating risk assessments.

- Coordinating the development and distribution of security policies and procedures.

- Promoting security awareness among system users.

- Monitoring compliance with established policies and reporting violations to senior management.

- Advising senior management on security policy-related issues.

To be effective, responsibility for the security program should be assigned to personnel with sufficient knowledge and training in security issues and the authority to elevate security concerns to senior management.

b. DCS had not completed a comprehensive risk assessment for HRMN and its operating environment.

A risk assessment is the process of formally identifying potential threats and vulnerabilities that could adversely impact operations and compromise assets. A risk assessment also includes prioritizing risks and determining whether sufficient controls have been implemented to mitigate these risks.

For example, DCS's risk assessment should identify areas of vulnerability related to personnel, facilities and equipment, communications, system software, operating systems, and applications. DCS should assess risks posed by both authorized and unauthorized users trying to break into the system.

DCS had taken steps to identify and reduce certain risks. For example, DCS had contracted for reviews of the HRMN Central Security administration and of the HRMN Internet design. However, to ensure that all significant threats are identified and addressed, DCS should conduct a comprehensive risk assessment of the entire system and its operating environment. In addition, DCS should establish a process to update the risk assessment on a periodic basis or whenever conditions affecting HRMN's operating environment change.

c. DCS had not developed a comprehensive security manual for agency security administrators* (ASAs). A security manual is necessary to provide ASAs with the specific information needed to manage HRMN security and implement sound controls over payroll and personnel transactions. While DCS had established procedures for granting access to HRMN, the security manual should include an explanation of HRMN's basic security structure and discuss also how to best administer security for HRMN. The manual should also contain a high level explanation of the different segments of security administration, including policies and procedures, monitoring, and recommended agency security framework.

   To help ensure that ASAs consider security risks across all Statewide financial systems, DCS should work with the Office of Financial Management (OFM) to incorporate HRMN security into the Statewide financial system security framework. We had a similar recommendation in our performance audit of the Data Collection and Distribution System* (DCDS), released in August 2001. OFM agreed with the recommendation and indicated that it would work with DCS to incorporate DCDS and HRMN into its overall Statewide financial system security framework.

RECOMMENDATION

We recommend that DCS establish a comprehensive information systems security program.

AGENCY PRELIMINARY RESPONSE

DCS agreed with the recommendation and will continue, as noted in the finding, to evaluate and augment its security program.

FINDING

2. Program Change Controls

DCS and DIT need to improve controls over program changes. Weaknesses in program change controls increase the risk that unauthorized changes could be made for fraudulent or malicious purposes. In addition, changes to software that

** See glossary at end of report for definition.*

are not completely tested could result in processing inefficiencies or disruptions of service.

Our review disclosed:

a. DCS had not established a quality assurance function to ensure that all program changes were made in accordance with established policies and procedures. Staff from DIT and each of the HRMN service centers* have responsibilities in the HRMN change control process. As such, DCS should establish a quality assurance function to ensure that all program changes are properly documented, authorized, and tested and that access to programs and the movement of programs to production is controlled.

   Our tests of program change controls disclosed:

   (1) DCS and DIT could not locate the service request form for 7 (33%) of the 21 program changes in our sample. To ensure that all program changes are properly authorized and subject to established program change procedures, DCS and DIT should ensure that all changes are supported by a completed and approved service request form.

   (2) The HRMN service centers could not locate adequate supporting documentation, such as test plans and test results, for 11 (52%) of the 21 program changes in our sample. The documentation was missing or did not provide sufficient evidence to support the program changes. To help ensure that program changes are properly tested and that all problems are identified and corrected, DCS and DIT should formally document all test plans and test results.

   (3) DCS and DIT did not obtain required approvals on 12 (57%) of the 21 program changes before moving the changes to production. Prior to moving a change into production, 4 of the 6 managers from DIT and the service centers are required to review and approve the change. In addition, the Payroll Service Center manager should formally approve any change that may potentially impact the processing of payroll. Obtaining

** See glossary at end of report for definition.*

proper approvals may minimize the risk of disruptions in service due to unauthorized changes and errors.

b. DCS and DIT had not established controls to ensure sufficient testing of software changes and operating system upgrades before implementing them in the production environment. Without sufficient testing, software changes may not work as intended and may adversely affect the overall accuracy and performance of the system. Our review disclosed:

(1) DCS's change control standards did not always ensure that program changes were adequately tested and documented. Revising the change control standards to define the desired level of testing would help ensure that program changes are tested consistently among the service centers and would help ensure that the test results are appropriately documented.

(2) DCS and DIT could improve the test process by increasing the library of test cases. The use of a library of standardized test cases would help ensure that HRMN conforms to business requirements and performance specifications after a program change has been made. It would also reduce the risk that significant tests are overlooked. DCS and DIT should expand the library to include tests for all known conditions that have previously caused a system or processing failure. Increasing the test library will assist the service centers in providing reliable, consistent, and comprehensive test coverage for all program changes.

Subsequent to our audit procedures, DCS informed us that it had established integrated test procedures with DIT and OFM to ensure that all program changes were sufficiently tested.

RECOMMENDATION

We recommend that DCS and DIT improve controls over program changes.

AGENCY PRELIMINARY RESPONSE

DCS and DIT agreed in principle with the recommendation. DCS and DIT informed us that, as of July 2003, they had implemented enhanced integrated testing and improved program migration processes, including more rigorous program controls

and a requirement that all 6 managers authorize a program change before implementation.

FINDING

3. HRMN Batch Processing

DCS, OFM, and DIT had not established controls to ensure efficient batch processing.

A key goal of management when implementing a new system is to ensure that the system works reliably and minimizes users' downtime. Production problems are not uncommon or unexpected with the initial implementation of a new system. However, the frequency of problems should diminish as the new system transitions from development to production.

During our fieldwork, we observed that batch processing often did not follow regular procedures and that staff activities appeared to be reactive. DIT operations and technical staff use service tickets to document actual and potential system problems. Our review of 93 service tickets from October 30, 2002 through April 28, 2003 disclosed problems such as scheduling errors, lack of system capacity, and program failures. DIT classified 90 of the service tickets as an emergency because of the potential impact on payroll processing.

Our review disclosed that the following weaknesses contributed to the processing inefficiencies:

a. DCS and OFM had not established targeted performance standards for system performance during batch processing. Without defined performance standards, the agencies cannot effectively measure system performance.

   According to the Control Objectives for Information and Related Technology (COBIT) established by the Information Systems Audit and Control Association, there are several key indicators that a system is functioning efficiently. These indicators include a measured reduction in operator intervention; a reduced number of problems, delays, and deviations; a reduced number of reruns and restarts; and a reduced amount of unplanned maintenance.

Establishing targeted performance standards would help DCS and OFM identify processing activities that are using more than the expected level of resources and provide a basis of measurement for ongoing improvements.

b. DCS, OFM, and DIT did not effectively analyze, document, and correct defects that result in a program failure. This increases the risk of a defect recurring.

   A defect is a variance from production requirements or customer expectations. When a defect occurs, operations and service center staff work together to ensure that processing is resumed; however, the agencies did not always identify and correct the root cause of the problem.

   To improve processing performance and reduce the risk of defects recurring, DCS, OFM, and DIT should improve procedures for analyzing, documenting, and correcting the root cause of processing defects.

c. DCS discontinued its practice of formally reporting processing problems to senior management on the Human Resource Coordination Committee. Without a formal reporting mechanism, senior management may not be aware of problems impacting processing and system performance.

   Processing problems were no longer reported because DCS management revised its statistical reports to emphasize business statistics, such as the number of help desk telephone calls, remedy tickets, and action items. DCS informed us that the service center managers and DIT staff review processing statistics at regularly scheduled production meetings. However, to ensure that senior management is made aware of issues impacting processing performance, DCS should develop criteria and guidelines for periodically reporting processing performance and escalating problems to the Human Resource Coordination Committee.

d. DIT did not proactively manage and maintain system performance. Statistics such as processor time, throughput, memory usage, and disk space utilization can be used to monitor the current state of the system as well as forecast potential problems. DIT informed us that it captured some of the performance statistics; however, DCS and DIT did not effectively use the information to prevent performance failures. For example, we identified five instances in which batch processing was terminated because of disk space problems.

e. DIT had not completely documented HRMN maintenance procedures. Routine maintenance procedures, such as reorganizing large data tables and archiving old data, are necessary to ensure optimal processing performance. Documenting maintenance procedures would help reduce the risk that critical procedures are overlooked or not performed on a timely basis.

During our fieldwork, DCS and DIT drafted a service level agreement. The service level agreement provides for DCS and DIT to identify measurements and establish system performance objectives. In addition, the service level agreement requires monthly reporting of the system's performance statistics.

In addition, OFM began conducting biweekly payroll production meetings. The purpose of the meetings is to discuss the upcoming payroll job schedule and to identify any deviations from the standard schedule. OFM informed us that these meetings have been effective in reducing the number of reruns and restarts due to scheduling errors.

RECOMMENDATION

We recommend that DCS, OFM, and DIT establish controls to ensure efficient batch processing.

AGENCY PRELIMINARY RESPONSE

DCS, DIT, and OFM agreed in principle with the recommendation. DCS, DIT, and OFM believed that controls to ensure efficient batch processing have been in place since HRMN's inception; however, they agreed that the controls can be improved as follows:

a. DCS, OFM, and DIT will evaluate the performance standards already in place and revise or add standards as appropriate.

b. DCS, OFM, and DIT informed us that they have taken steps to better analyze, document, and correct processing problems and will continue to refine procedures in this area.

c. The Human Resource Coordination Committee has delegated the responsibility for managing and resolving processing problems to the HRMN service center managers. DCS, OFM, and DIT will review the processes used

by the service center managers to review and resolve processing problems to determine if improvements are needed.

d. DIT will review its system performance monitoring processes to determine where improvements are needed.

e. DIT informed us that it has taken steps to document HRMN maintenance procedures and will continue to refine and update the documentation.

FINDING

4. Incompatible User Roles

DCS had not identified incompatible user roles within HRMN and had not worked with OFM to identify incompatible user roles between HRMN and other Statewide financial systems. In addition, DCS had not provided State agencies with reports to easily identify and monitor users with incompatible user roles. As a result, State agencies may grant users incompatible user roles.

Users with incompatible user roles may have the ability to process and conceal improper transactions. An example of incompatible user roles would be the ability to establish employees in HRMN as well as authorize, approve, and review time and attendance in DCDS.

DCS delegated to the agencies the responsibility for maintaining effective control over the assignment of HRMN functionality and the appropriate segregation of duties over HRMN records and transactions. However, DCS did not provide the agencies with the means to effectively carry out this responsibility.

RECOMMENDATIONS

We recommend that DCS identify incompatible user roles within HRMN and work with OFM to identify incompatible user roles between HRMN and other Statewide financial systems.

We also recommend that DCS provide State agencies with reports to easily identify and monitor users with incompatible user roles.

AGENCY PRELIMINARY RESPONSE

DCS agreed with the recommendations and informed us that it has been working with OFM to develop procedures and tools to identify and monitor these roles.

FINDING

5. End-User Documentation and Training

DCS should improve end-user documentation and training.

Effective end-user documentation and training are key factors in ensuring the proper and efficient use of an information system. According to a Gartner Group* survey, untrained users require 3 to 6 times more support than trained users over the life of a new technology and process.

DCS established the Web Learning Center and the Web Support Center to provide users with a single source for HRMN documentation and training materials. The Web Learning Center provides users with documentation such as Step Action Tables (SATs) for processing transactions; reference guides for reports, paycodes, and HRMN terminology; and other job aids. The Web Support Center provides users the ability to search HRMN's knowledge base of software problems, submit and view help requests, and identify people and places to contact for assistance.

Our observations of the Web Learning Center and Web Support Center and our survey of HRMN users disclosed:

a. DCS did not provide users with an effective method for locating information on the Web Learning Center.

   For example, the Web Learning Center did not contain a search function for users to easily find the requested information. In addition, some screens did not contain the requested information and users reported difficulties navigating around the Web site. Improving Web site search and navigation capabilities would assist users in efficiently finding information.

b. DCS did not ensure that all SATs allowed users to efficiently process transactions.

** See glossary at end of report for definition.*

SATs provide users with step-by-step information to process transactions in HRMN. SATs include examples of HRMN screens and inform users about information significant to the transactions. Our survey of HRMN users indicated that, for some SATs, the steps were lengthy and hard to follow.

Users also reported that several SATs were incomplete and contained errors. DCS informed us that it now encourages users to report problems with SATs to the help desk so that problems can be documented, researched, and corrected.

c. DCS had not established a quality assurance process to review information prior to it being published on the HRMN Web site.

Each service center is responsible for creating and maintaining the reference materials for its functional area. Service centers submit information for publication on the HRMN Web site without an independent review that includes end-users. The establishment of a quality assurance process that includes end-users would help ensure that information published on the Web site was complete and accurate. It would also help to identify reference materials and procedures that are ambiguous and difficult to follow.

d. DCS had not evaluated its users' needs for ongoing training.

To address end-user training needs, DCS used a "train the trainer" concept. Each agency designated an agency training facilitator (ATF) who was trained by HRMN subject matter experts. ATFs provided training to their agencies' end-users using training materials published on the Web Learning Center and through hands-on training in a special test environment. Our survey of HRMN users indicated that 25% of users did not receive training or felt their training was ineffective. Some users reported that the training received from their ATF was minimal or nonexistent. In some cases, users reported that the ATF had left the agency and had not been replaced. Users also reported that the training materials were general in nature and did not include specific examples of transactions that they would be processing. Providing ongoing training and improving training materials would help ensure that users have the skills and knowledge necessary to effectively and efficiently process HRMN transactions.

During our fieldwork, DCS informed us that it is in the preliminary stages of redesigning the HRMN Web site. DCS plans to involve end-users in the design process to help ensure that the Web Learning Center and Web Support Center better meet the users' needs.

RECOMMENDATION

We recommend that DCS improve end-user documentation and training.

AGENCY PRELIMINARY RESPONSE

DCS agreed with the recommendation and informed us that it has complied through the revision of an SAT and new training processes, which were developed for the software version upgrade that took place in August 2003. DCS informed us that the Web Learning Center was further enhanced and rolled out in December 2003. In addition, DCS informed us that feedback is now solicited on an ongoing basis as part of the Human Resources Communication Network and by periodic survey of the end-user community by the DCS Customer Service Team.

However, DCS had concerns regarding the methodology used to gather information and the statistics reported.

FINDING

6. System Development Methodology

DCS's system development methodology did not ensure that information security and control requirements were sufficiently considered during the HRMN software evaluation and selection process. Undefined security and control requirements increase the risk of the software being implemented without adequate security and controls.

Our review of DCS's system development methodology and software selection process disclosed the following weaknesses:

a. DCS's system development methodology did not require the assessment of business processes and the identification of control risks as part of the requirements definition phase. This may have resulted in the software requiring more modifications than DCS originally anticipated. Application controls and security requirements should be identified in the initial system

requirements and evaluated as part of any system acquisition or development. The requirements should include controls based on business risks and system security requirements.

During our fieldwork, DCS revised its system development to require the identification of security requirements during the requirements definition phase. However, to ensure that business risks and related controls are identified and appropriately addressed, DCS's system development should be expanded to include specific techniques for identifying and documenting risks and related controls during the requirements definition phase. Because the business process owners are ultimately responsible for the integrity of the system, the business process owners should formally indicate their agreement with the requirements.

b. DCS's software selection criteria did not sufficiently include requirements for information security and controls. As a result, the HRMN software, as delivered, was missing complete information system security controls. Therefore, extra resources were needed to modify the system and develop alternative control procedures.

   The HRMN project team developed approximately 100 critical system requirements, necessary for the software package to be considered for purchase. The project team concluded that the selected HRMN software led the other software packages in the areas of technical architecture, functionality, and cost. In addition, the selected HRMN software could be implemented with minimal modifications. However, the requirements were general in nature and did not enable the evaluators to obtain a complete and accurate understanding of how the software would satisfy the requirements. DCS informed us that the project team believed that the selected software required fewer modifications than other evaluated software packages. However, management was unable to provide us with sufficient documentation to support the project team's belief.

c. DCS did not use its internal auditor to independently review the system development process and advise the project team on security and control issues. DCS assigned its internal auditor responsibilities for implementing and managing user access and security in addition to responsibilities for reviewing HRMN security and controls. Because of this conflict in responsibilities, the

internal auditor's recommendations may not be as objective as the recommendations of an auditor independent of the development process. An independent review of the development process would help ensure that development standards are being followed and may result in a better-designed information system.

Including security and internal control requirements would help DCS ensure that all relevant criteria are used in the evaluation and selection process. It may also reduce the likelihood of unexpected cost overruns and system modifications.

RECOMMENDATION

We recommend that, for future development projects, DCS and DIT ensure that information security and control requirements are sufficiently considered during the software evaluation and selection process.

AGENCY PRELIMINARY RESPONSE

DCS agreed with the recommendation. DCS informed us that it was aware of the importance of internal control and had assigned the most highly qualified individual available to ensure that these security and control issues were identified and addressed. Also, an independent quality assurance contractor worked in cooperation with the State's Office of Project Management to provide external oversight.

FINDING

7. IT Strategic Plan

DCS and DIT had not established an IT strategic plan that included HRMN's IT requirements. The absence of an IT strategic plan may result in IT development that does not adequately support DCS's business objectives.

An IT strategic plan would assist a department in ensuring its IT supports its business objectives. The plan should identify the general IT requirements that will best satisfy the department's short-term and long-term business goals. In addition, the plan should identify the steps necessary to ensure that investments in IT are achieved in a planned and cost-effective manner.

DIT informed us that it was working with DCS and other State agencies to develop a Statewide IT strategic plan. DIT and DCS also informed us that they are working together to ensure that IT requirements are identified and addressed for current HRMN projects.

RECOMMENDATION

We recommend that DCS and DIT establish an IT strategic plan that includes HRMN's IT requirements.

AGENCY PRELIMINARY RESPONSE

DCS and DIT agreed with the recommendation. DCS and DIT informed us that current practice is to identify HRMN technology needs within both the DCS Strategic Plan and the Human Resource Council's Statewide Human Resources Transformation Plan.

DIT recently released a State of Michigan IT Strategic Plan that includes IT for all departments. DIT informed us that the IT Strategic Plan takes into consideration Statewide and department business goals, objectives, and priorities. DIT also informed us that the process to develop the IT Strategic Plan was an inclusive process and involved all departments as well as other stakeholders. For strategic planning, DIT will continue to work with the departments through the continued use of groups such as the Michigan Information Technology Executive Council (MITEC) and CyberState.org, as well as others.

DCS and DIT informed us that, as part of the State's IT Strategic Plan, HRMN has been identified as one of DIT's top priorities because of its size and its spanning across all departments. DCS and DIT also informed us that, for the current HRMN infrastructure project, DIT has assigned a project manager, a project charter has been completed, and initial requirements have been identified. In addition, DCS and DIT informed us that HRMN most recently completed step one of the DIT project review board process to ensure compliance with the State's IT direction.

FINDING

8. Postimplementation Review

DCS had not completed a formal postimplementation review of HRMN. Without a formal postimplementation review, DCS cannot effectively assess its system

development methodology and determine whether the system achieved the expected results.

Department of Management and Budget (DMB) Administrative Guide procedure 1310.06 requires that a postimplementation review be conducted as the final phase of the system development process. A postimplementation review consists of evaluating the performance of the new system and ensuring that:

a. The system meets the planned objectives, provides the expected economic benefits, and realizes any projected reductions in personnel.

b. Users understand all capabilities of the system.

c. Users' training has been sufficient.

d. Errors are reasonably low and are corrected on a current basis, only minor programming modifications are outstanding, databases balance, controls are maintained on a timely basis, and reports are prepared on time and balanced before distribution.

e. The system is fully and efficiently operational.

The postimplementation review phase should result in a report that consists of an assessment of the success and shortcomings of a system in terms of anticipated benefits and costs, plans to address system deficiencies and inefficiencies, and plans for the ongoing assessment of overall system performance.

DCS began evaluating some aspects of the development process. For example, HRMN's quality assurance contractor completed an analysis to benchmark human resource and payroll costs for transactions processed on the previous system. DCS informed us that it plans to use this data to compare similar costs for transactions processed on HRMN.

RECOMMENDATION

We recommend that, for future development projects, DCS and DIT complete a formal postimplementation review.

AGENCY PRELIMINARY RESPONSE

DCS and DIT agreed with the intent of this recommendation. A preliminary study was completed prior to the implementation of HRMN to assess legacy system benchmarks; however, due to resource priorities, a postimplementation assessment of HRMN has not been started.

EFFECTIVENESS OF PROJECT MANAGEMENT CONTROLS

Background: Effective project management is a key factor in the success or failure of a system development project. Effective project management includes organizational and financial controls; accountability for decisions, actions, and performance of the end product; and effective executive support and leadership. An audit of project management controls focuses on project team responsibility, project planning and budgeting, project monitoring and reporting, and the skills of the project team members.

Audit Objective: To assess the effectiveness of project management controls over HRMN.

Conclusion: DCS's project management controls over HRMN were generally effective. However, we noted a reportable condition related to project cost reporting (Finding 9).

FINDING

9. Project Cost Reporting

DCS did not include the salaries and wages of State employees assigned to the HRMN project in the cost to develop HRMN. Without complete records of project costs, DCS cannot accurately measure and report the cost to develop projects such as HRMN.

Prior to March 2000, the HRMN project team did not capture the salaries and wages for State employees assigned to the HRMN project. In March 2000, DCS created the HRMN time database to capture and track time spent on various components of development. However, these costs were not included in the project.

As of June 2002, DCS reported that it had expended approximately $43 million on the development and implementation of HRMN. Based on documentation provided by the agency, we identified approximately $6 million in salaries for State employees that were not included in the reported project costs.

RECOMMENDATION

We recommend that, for future development projects, DCS and DIT include the salaries and wages of State employees assigned to the project in the cost to develop the project.

AGENCY PRELIMINARY RESPONSE

DCS and DIT agreed with this recommendation.

EFFECTIVENESS OF APPLICATION CONTROLS

Background: Application controls are directly related to specific computer applications. They help ensure that transactions are valid, properly authorized, completely and accurately processed, and reported. Application controls include automated control techniques, such as computer edits, and manual techniques, such as reviews of reports identifying rejected or unusual items.

Audit Objective: To assess the effectiveness of HRMN's controls regarding the accuracy, completeness, and timeliness of payroll processing and the balancing and reconciliation of payroll transactions.

Conclusion: HRMN's controls regarding the accuracy, completeness, and timeliness of payroll processing and the balancing and reconciliation of payroll transactions were reasonably effective. We noted reportable conditions related to user access controls, payroll procedures, interface reconciliations, and service center transactions (Findings 10 through 13).

FINDING

10. User Access Controls

DCS had not established sufficient controls over the granting and monitoring of HRMN user access and system privileges. Access control weaknesses limit DCS's

ability to ensure that only authorized users have access to HRMN and that users do not have more system privileges than needed.

HRMN Central Security is responsible for granting access and security rights to HRMN users. HRMN Central Security processes user access requests received from ASAs. HRMN Central Security and ASAs use an automated administrative system to process access requests. The administrative system collects information on the employee and the requested access. The system automates the approval process and produces a working document of access and security parameters, which the HRMN Central Security officer uses to create the user's security record in HRMN.

Our review disclosed the following weaknesses:

a. HRMN did not contain an audit trail of activities performed by HRMN Central Security. As a result, DCS did not have a method to monitor the granting, changing, and deleting of user access and security in HRMN. DCS recognized the need for an audit trail and created an audit trail in its administrative system to track requested changes to user access. However, at the time of our fieldwork, DCS still needed an audit trail of all changes affecting user access and security for HRMN.

b. DCS did not provide ASAs with HRMN security data to monitor their users' access and privileges. ASAs have access to several Management Information Database* (MIDB) reports that can be used to monitor users' access. However, DCS populates MIDB with security data from the administrative system instead of from HRMN. It is the responsibility of the HRMN Central Security officer to periodically reconcile user access on the administrative system with HRMN security. However, more accurate monitoring could occur if HRMN was the source of security data that the ASAs used to monitor user access and security.

c. HRMN Central Security did not have a means to completely reconcile user access and privileges assigned in HRMN with those requested on the administrative system. HRMN Central Security received a report of

** See glossary at end of report for definition.*

discrepancies between user access and privileges that were requested in the administrative system but had not been granted in HRMN. However, HRMN Central Security did not receive a listing of user access and privileges granted in HRMN without a corresponding request in the administrative system. DCS informed us that a contractor was working on developing this report.

RECOMMENDATION

We recommend that DCS establish sufficient controls over the granting and monitoring of HRMN user access and system privileges.

AGENCY PRELIMINARY RESPONSE

DCS agreed with the recommendation and informed us that part a. relies on the tracking method described in the finding, supported by additional compensating controls. DCS will communicate to the software vendor DCS's interest in working with the vendor to develop additional controls in future software releases.

DCS informed us that it had addressed parts b. and c. DCS informed us that the reports referenced in part c. are in production and these reports allow HRMN Central Security to monitor and compare access requests to established access (part b.).

FINDING

11. Payroll Procedures

The OFM Payroll and Tax Reporting Division (OFM - Central Payroll) did not document formal procedures for all State payroll functions. Written procedures are an effective control to ensure that management's directives are carried out consistently and as intended.

We noted:

a. OFM - Central Payroll did not have documented procedures for biweekly payroll processing and reconciliation. Payroll processing consists of both automated processing and manual activities. OFM and DIT developed a run book that contained procedures for the automated payroll processing. However, OFM had not documented procedures for the manual activities. For example, OFM had not documented procedures for the reasonableness

checks that it performs to ensure the completeness of processing or for the biweekly reconciliation between HRMN and the Michigan Administrative Information Network* (MAIN). As a result, OFM - Central Payroll staff created their own personal notes to assist them in performing the biweekly processing and reconciliation activities. Documented payroll processing and reconciliation procedures would help OFM ensure that the State's payroll was processed accurately and according to approved procedures.

b. OFM - Central Payroll did not have documented procedures for completing the W-2 and other year-end reconciliations. For example, at calendar year-end, OFM - Central Payroll performs several complex reconciliations to ensure that gross wages are correct for federal, State, city, Federal Insurance Contributions Act (FICA), and Medicare withholdings. As part of the reconciliation process, OFM - Central Payroll staff may process adjustments to balance wage and withholding amounts. Our review of the reconciliations performed for calendar year 2002 disclosed that OFM did not maintain a complete audit trail of all adjustments. Documented procedures should explain the reconciliation process and require a sufficient audit trail of all adjustments.

c. OFM - Central Payroll did not have documented procedures for calculating and remitting employee withholdings to the federal government. The federal government requires the State of Michigan to pay the money withheld from its employees for federal withholding, FICA, and Medicare on a semiweekly or daily basis, depending on the amounts due. If these payroll taxes are not remitted in a timely manner, substantial penalties and interest can be assessed. During our fieldwork, OFM - Central Payroll miscalculated and underpaid the payroll taxes for the pay period ended December 22, 2001. OFM subsequently identified the underpayment and immediately transferred the balance due to the Internal Revenue Service and no fines or penalties were assessed. However, documented procedures would help ensure that the withholdings are accurate, complete, and made in a timely manner.

The function of OFM - Central Payroll is critical to the accuracy and integrity of payroll processing and, as such, its processes should be documented with complete and accurate procedures.

** See glossary at end of report for definition.*

RECOMMENDATION

We recommend that OFM - Central Payroll document formal procedures for all State payroll functions.

AGENCY PRELIMINARY RESPONSE

OFM agreed that the documentation related to payroll procedures can be improved. OFM informed us that much of the effort needed to update and document payroll procedures has already been completed, with the remainder of the work planned for the next several months.

FINDING

12. Interface Reconciliations

DCS and OFM should improve controls to ensure the accuracy and completeness of all data interfaced to and from HRMN. Without such controls, data errors occurring during the interface process may not be detected and corrected.

We identified 53 interfaces with HRMN. Our review disclosed that DCS and OFM had not established reconciliation procedures for 5 (9%) of the 53 interfaces. The reconciliation of control totals, such as record counts or dollar amounts, is necessary to ensure the accuracy and completeness of data exchanged between information systems. Specifically:

a. OFM did not reconcile employee time and attendance records interfaced to HRMN from DCDS. The time and attendance records are used to calculate an employee's gross pay. As part of the interface process, DCDS sends a reconciliation report with the total number of records and hours included in the interface. However, OFM did not perform a reconciliation to ensure that all time records were interfaced accurately and completely. During the audit, OFM began reconciling the interface.

b. DCS and OFM did not provide sufficient reconciliation information to the receiving agency for 4 outgoing interfaces. HRMN produced reports containing control totals that the receiving agency could use to reconcile the interfaces. However, the reports were not sent to the receiving agency. Providing interface reconciliation information to the receiving agency would

increase the likelihood that errors are identified and corrected in a timely manner.

RECOMMENDATION

We recommend that DCS and OFM improve controls to ensure the accuracy and completeness of all data interfaced to and from HRMN.

AGENCY PRELIMINARY RESPONSE

DCS and OFM agreed that the controls can be improved. However, DCS and OFM believe that controls to ensure the accuracy and completeness of data interfaced to and from HRMN have been in place since HRMN's inception. OFM informed us that, as noted in the audit finding, OFM improved its controls over the time and attendance interface during the audit. DCS and OFM will review reconciliation procedures for the 4 additional interfaces noted in the audit finding and make improvements, if appropriate.

FINDING

13. Service Center Transactions

DCS and OFM had not documented procedures governing transactions processed by the HRMN service centers on behalf of State agencies. Documented procedures would help clarify responsibilities and avoid misunderstandings between the service centers and State agencies.

Each State agency is responsible for processing human resource, benefit, and payroll transactions for its employees. Staff from the Human Resource, Benefits, and Payroll Service Centers also have the ability to process transactions for State agencies. The service center managers informed us that their staff should notify the affected agency when processing transactions on an agency's behalf. However, we observed instances in which the agencies were not notified. In addition, several agencies that we surveyed did not understand why certain transactions had been processed on their behalf or could not identify who processed the transaction. Therefore, DCS and OFM should document the types of transactions that may be processed by service centers on behalf of agencies, how agencies should be notified of the transactions, and when agency approvals must be obtained.

RECOMMENDATION

We recommend that DCS and OFM document procedures governing transactions processed by the HRMN service centers on behalf of State agencies.

AGENCY PRELIMINARY RESPONSE

DCS and OFM agreed that the procedures in place for transactions processed by the HRMN service centers on behalf of agencies can be better documented. However, DCS and OFM informed us that they believe the procedures are sufficient. DCS and OFM will take steps to better document these procedures.

GLOSSARY

Glossary of Acronyms and Terms

agency security administrator (ASA)	An individual designated by agency management to review and approve the HRMN security requests; monitor HRMN access privileges; and serve as a liaison with HRMN Central Security.
ATF	agency training facilitator.
client/server	An architecture in which one computer can obtain information from another. The client is the computer that seeks access to data, software, or services. The server is a computer, ranging in size from a personal computer to a mainframe computer, that supplies the requested data to the client.
Data Collection and Distribution System (DCDS)	The State's client/server system that records, allocates, and distributes payroll costs within the accounting system for the MAIN Human Resource System.
DCS	Department of Civil Service.
DIT	Department of Information Technology.
DMB	Department of Management and Budget.
effectiveness	Program success in achieving mission and goals.
efficiency	Achieving the most outputs and outcomes practical with the minimum amount of resources.
end-user	The person who will ultimately use the system, distinguished from all the people involved in developing the system.
FICA	Federal Insurance Contributions Act.
Gartner Group	An IT research and advisory firm.

HRMN service center

HRMN includes four service centers that support human resource offices and employees:

- The Human Resource Operations and Data Service Center provides support in the areas of employee/manager self-service, reports, security administration, and business projects.

- The Human Resource Service Center provides support in the areas of personnel transactions and compensation.

- The Benefits Service Center provides support in the administration of benefits for State of Michigan employees, retirees, and their families.

- The Payroll Service Center provides support in the computation and administration of the State of Michigan payroll.

Human Resources Management Network (HRMN)

The State's integrated human resources system that processes personnel, payroll, and employee benefits data for the MAIN Human Resource System.

internal control

The organization, policies, and procedures adopted by agency management and other personnel to provide reasonable assurance that operations, including the use of agency resources, are effective and efficient; financial reporting and other reports for internal and external use are reliable; and laws and regulations are followed. Internal control also includes the safeguarding of agency assets against unauthorized acquisition, use, or disposition.

IT

information technology.

Michigan Administrative Information Network (MAIN)	The State's fully integrated automated administrative management system that supports the accounting, payroll, purchasing, contracting, budgeting, personnel, and revenue management activities and requirements. MAIN consists of four major components: MAIN Enterprise Information System (EIS); MAIN Financial Administration and Control System (FACS); MAIN Human Resource System (HRS); and MAIN Management Information Database (MIDB).
Management Information Database (MIDB)	The database component of MAIN designed to allow managers to develop ad hoc queries and reports for needed information. Data is extracted from the Relational Standard Accounting and Reporting System (R*STARS), the Advanced Purchasing and Inventory Control System (ADPICS), and the MAIN Human Resource System (HRS).
mission	The agency's main purpose or the reason that the agency was established.
OFM	Office of Financial Management.
OFM - Central Payroll	OFM Payroll and Tax Reporting Division.
performance audit	An economy and efficiency audit or a program audit that is designed to provide an independent assessment of the performance of a governmental entity, program, activity, or function to improve public accountability and to facilitate decision making by parties responsible for overseeing or initiating corrective action.
reportable condition	A matter that, in the auditor's judgment, represents either an opportunity for improvement or a significant deficiency management's ability to operate a program in an effective and efficient manner.
SAT	Step Action Table.